

# San Diego County Statistical Abstract

**Summer 2000**

**California Trade and Commerce Agency**

## **San Diego County**



## **BASIC FACTS**

- San Diego is located on the southern tip of California's high technology coast.
- San Diego County is the second most populous of California's 58 counties.
- San Diego County ranks 16th in population of all metropolitan areas in the U.S.
- The City of San Diego has the 7th largest population of all cities in the U.S.
- 16.5% of San Diegans hold Bachelor's degrees, while 8.8% hold Graduate/professional degrees.
- San Diego's total export sales reached \$8.6 billion in 1998, and ranks 12<sup>th</sup> in the top exporting metropolitan statistical areas nationwide.
- International trade accounts for 39.1% of San Diego's total \$21.6 billion in manufacturing production.

- The San Diego County Gross Regional Product for 1998 was estimated to be 88.5 billion dollars. (Chamber of Commerce).
- The median income for a family of four in San Diego County is \$45,000 (HUD - FY 1994-95).
- San Diego is also home to headquarters of four Fortune 500 Companies, including: Gateway, Qualcomm, Sempra Energies and SAIC (Science Applications International)

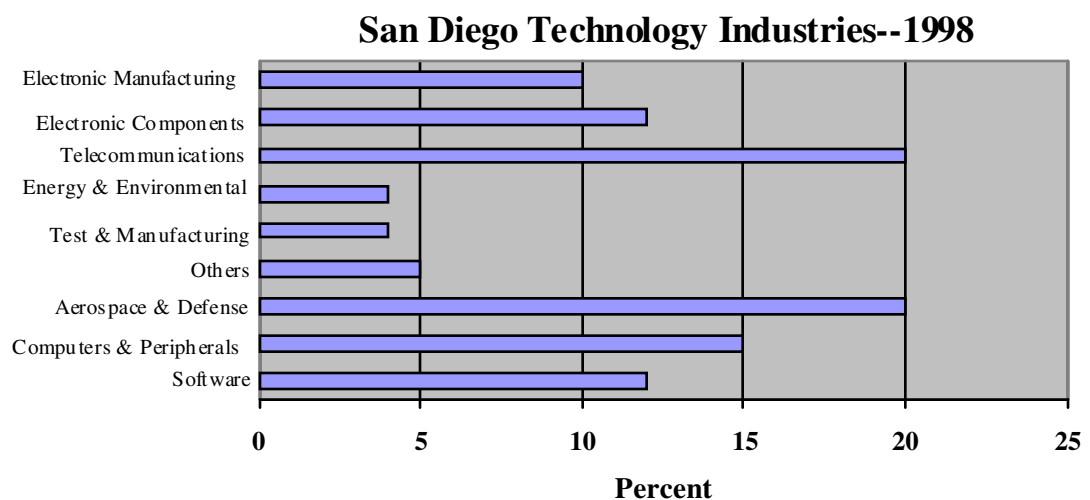
## San Diego County Emerging Industries

*In a region legendary for its sparkling coastline and endless summers, San Diego has created another major attraction: a business climate as hospitable as the near-perfect weather.*

Poised for the future on the Pacific Rim, with an estimated population of 2.8 million and a vibrant \$88.5 billion economy, the San Diego region is emerging as a vibrant center of entrepreneurial and career opportunities.

The San Diego of the 1990s has been transformed from a one-horse economy dependent on military spending and aerospace contracts to a region where a broad array of technological industries have taken root and flourished.

In a thriving environment of international trade and research breakthroughs, high technology and bioscience companies have helped reshape the economy of the San Diego region, giving it a fresh look for the next century. Their activities range from research on the next wonder drug to golf clubs made from space-age materials.



Source: San Diego Daily Transcript, July 14, 2000

### ➤ **Bioscience**

Emerging as a mecca for these cutting edge firms, San Diego now has 32,000 people employed at over 400 bioscience companies, including Advanced Tissue Sciences, Agouron Pharmaceuticals, Alliance Pharmaceutical Corp., Merck, Dura Pharmaceuticals, Dow Agrosiences, Novartis and IDEC Pharmaceuticals Corporation. This industry has grown so large that it is represented by its own organization, the San Diego Bio-commerce Association (BIOCOM) which gives the biotech industry a collective voice on policies and issues affecting it. World-renowned research institutions including the Scripps Research Institute, Salk Institute and University of California, San Diego, are responsible for many of the discoveries that have led to the formation of biotech companies.

### ➤ **Communications**

The communications industry has emerged as San Diego's brightest star with revolutionary technology hitting the market. A rich history in telecommunications technology has spawned the county's large concentration of communications companies. These companies employ more than 19,000 people, a 65 percent increase since last year. With the leadership of companies like Qualcomm, Denso and Nokia, San Diego now proudly lays claim to the title "Wireless Communications Capital of the World." In fact, the technology invented here, Code Division Multiple Access (CDMA) has become the wireless standard for the world.

### ➤ **Electronics**

There are more than 32,500 workers in the region that are developing and manufacturing a variety of products ranging from televisions to semiconductors. Proudly, the San Diego- Tijuana region has become the television production capital of the world, producing more than 12 million sets annually. Many of these firms, including Sony, General Instruments, and integrated Systems, are stretching the conventional definition of electronics to develop new products, playing on the concept of "convergence," which links computing, communications, and consumer electronics to create a new class of products. Gateway 2000 announced in April 1998 that it would move its administrative headquarters to San Diego. Gateway's finance, legal, human resources, global marketing and information technology units will be housed at the San Diego site.

### ➤ **Software**

Quietly entrenched in the San Diego scene, the software and multimedia industry has increased by 45 percent in the last five years, making this region one of the top spots in

the nation in computer software, programming, systems integration, and data preparation and processing. San Diegans are producing such well-known titles as Intuit's *Turbo Tax*, and designing Disney's *Lion King* and *Aladdin* Activity Centers. Qualcomm's Internet e-mail package, Eudora, is used by more than 17 million people around the world.

### ➤ **Recreational Goods**

Perhaps inspired by the area's great golfing, San Diego companies producing high tech recreational goods are making their mark on the industry. San Diego County's golf club manufacturers utilize advanced materials to develop and manufacture highly sophisticated golf clubs. Callaway Golf (maker of the Big Bertha club), Taylor Made, Cobra and others, are helping to establish San Diego as the golf capital of the world. Currently, San Diego's manufacturers of recreational goods employ about 6,000 people, twice as many as in 1991.

### ➤ **Defense and Space**

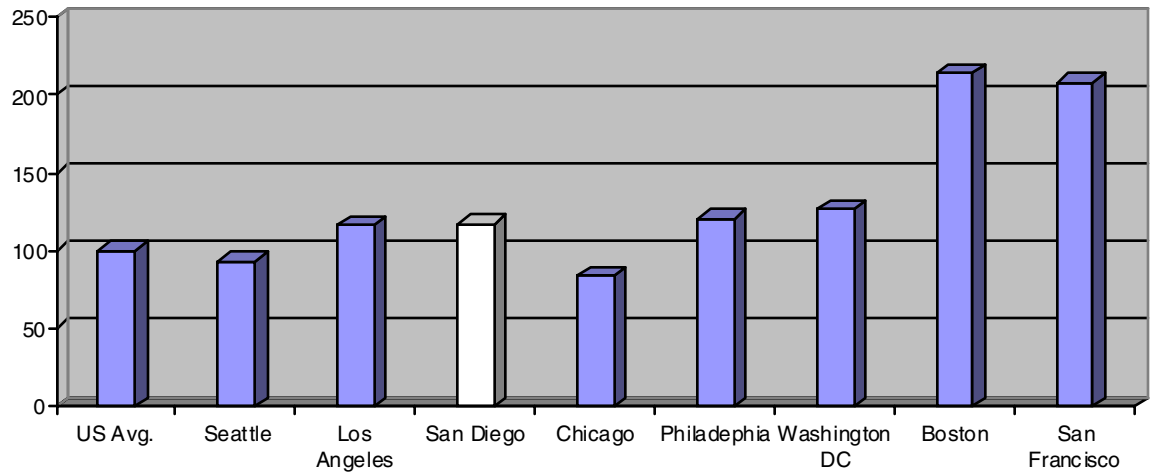
Still an economic mainstay in the San Diego regional economy, the defense and space industry has stabilized in the aftermath of defense downsizing and repositioned itself to the "new" post-Cold War economy. Today, this industry employs nearly 19,000, and the future looks bright, shored up by the relocations of the Space and Naval Warfare Systems Command from Washington, D.C. to San Diego. In the two years since its arrival, SPAWAR has awarded \$944 million in contracts to 100 contractors headquartered, or with field offices, in San Diego County.

### ➤ **Diversified Manufacturing**

The border along southern California is a popular location for Mexican manufacturing plants called "maquiladoras". Global companies such as Sony, Hitachi, and Qualcomm all have dual plants in the region. The American plant conducts research, development and marketing efforts, while the Mexican plant provides the manufactured product. This arrangement has become so popular that land prices on the Mexican border are approaching those of San Diego. The demand on land and labor has pushed the maquiladoras eastward, to the benefit of Imperial County.

The border region is the gateway for Mexican import/export traffic. The region has excellent freeways that allow year-round access to eastern markets, with trucking and rail routes unimpeded by mountains.

## Cost of Living



Source: Virtualrelocation.com, November, 1999

## 2020 Cities/County Forecast Total Population By Jurisdiction and Sphere of Influence

	Change 1995-2020					
	1995	2005	2010	2020	Number	Percent
Jurisdictions:						
Carlsbad	67,167	97,446	109,332	132,232	65,065	97%
Chula Vista	151,093	208,107	233,313	275,455	124,362	82%
Coronado	28,705	29,166	29,209	29,719	1,014	4%
Del Mar	5,093	5,543	5,736	6,079	986	19%
El Cajon	91,464	99,337	101,964	104,563	13,099	14%
Encinitas	56,788	66,564	68,440	70,750	13,962	25%
Escondido	117,525	136,211	140,490	143,228	25,703	22%
Imperial Beach	27,732	29,230	30,180	33,333	5,601	20%
La Mesa	56,254	61,752	63,979	66,828	10,574	19%
Lemon Grove	24,605	27,887	29,342	30,238	5,633	23%
National City	54,120	57,949	58,580	58,977	4,857	9%
Oceanside	145,903	181,138	196,613	202,592	56,689	39%
Poway	45,161	50,904	52,031	53,338	8,177	18%
San Diego0	1,174,422	1,403,874	1,499,437	1,693,533	519,111	44%
San Marcos	47,360	67,453	75,356	91,557	44,197	93%
Santee	53,593	68,561	73,607	74,856	21,263	40%
Solana Beach	13,531	14,714	15,103	16,127	2,596	19%
Vista	79,506	95,616	101,364	103,316	23,810	30%
Unincorporated	429,178	519,022	553,621	666,576	237,398	55%
Region	2,669,200	3,223,474	3,437,697	3,853,297	1,184,097	44%

Source: San Diego Association of Governments, February, 1999

# **Business Advantages**

## **Business Incentive Zones**

### **State Enterprise Zones**

#### ***Program Purpose***

California's enterprise zone program is an innovative partnership comprised of state government, local government and private businesses. Companies situated within the geographical boundaries of an enterprise zone, can take advantage of state and local incentives and programs not available to businesses outside the enterprise zone. Tax credits and benefits available to companies establishing in enterprise zones include:

- **Tax credits for sales or use taxes paid on up to \$20 million of qualified machinery per year.**
- **A hiring credit of \$26,894 or more for each qualified employee hired.**
- **A 15-year carryover of up to 100 percent of net operating losses.**
- **Expensing up to \$40,000 of certain depreciable property.**
- **Lender income deductions for loans made to zone businesses.**
- **Preference points on state contracts.**

In addition, local incentives may be available. These include reduction or elimination of local permit and construction-related fees, expeditious processing of plans and permits, reduced utility rates, reduced land costs, assistance in employee hiring, low-cost financing and low-interest revolving loans.

#### **San Diego Enterprise Zone**

(San Ysidro/ Otay Mesa & Metropolitan-Southeast/Barrio Logan)

663 E. San Ysidro Blvd.

San Diego, Ca 92173

Lydia Moreno, Enterprise Zone Manager

(619) 424-0231, (619) 424-0235 (FAX)

### **Foreign Trade Zone**

The FTZ offers benefits to companies engaged in international trade. This zone is an area in which companies can manufacture, assemble, package, test, label or re-export merchandise comprised of imported material. The company may be exempt, allowed to defer or reduce US Customs duties by locating within the Foreign Trade Zone.

## **State Recycling Market Development Zone**

Currently there are two RMDZ areas within San Diego County, which include Carlsbad, Vista, Escondido, Poway and the northern areas of the City of San Diego, and the South area, which includes Otay Mesa. RMDZ rewards companies that manufacture recycled products by offering incentives such as employee recruitment assistance and access to the State's low interest RMDZ loan program for manufacturers.

## **Local Programs**

### **Demand Side Management Incentives**

San Diego Gas & Electric (SDG&E) rewards commercial customers by installing energy efficient equipment. This incentive is offered to offset the incremental cost of purchasing energy efficient lights, air conditioning and manufacturing equipment.

SDG&E also offers a Savings By Design program that offers design assistance and cash incentives for commercial new construction projects that outperform California's minimum energy-efficiency standards.

### **Personal Property Tax Rebates**

Rebates are awarded to companies on the portion of the personal property tax levied on machinery by the City and the County. The City and County may require a certain number of jobs be created or investment be made.

## **State Programs**

### **Research and Development Tax Credit**

Designed to encourage companies to increase their basic research and development activities in California, the research tax credit allows companies to receive a credit of 11 percent for qualifying research expenses (research done in house) and 24 percent for basic research payments (payments made to an outside company), making it the highest in the nation. To qualify, research must be conducted within California and must not include research for the purpose of improving a commercial product for style, taste, cosmetic, or seasonal design factors.

### **Permit Assistance**

Most land development projects in California require at least one permit approval from local, State, or federal planning agencies. Most projects also require some degree of environmental review under the California Environmental Quality Act.

OPA staff is available to assist project applicants, government agencies, and citizens in order to help identify necessary permit agencies and their mandates. Services are confidential, professional, and free.

## **Employment Training Panel**

The Employment Training Panel (ETP) is a State of California agency that provides up to \$80 million in job training funds annually to employers throughout the State. ETP was founded in 1982 and has allocated over \$600 million to train more than 300,000 California workers since inception. ETP is a funding agency - we are not trainers. Businesses determine their own training needs and how best to provide training.

## **Investment Tax Credits on Manufacturing Equipment**

The State of California allows for an investment tax credit of 6% for the purchase of qualified manufacturing equipment. It may be carried forward five years until fully used.

## **Industrial Development Bonds**

The Industrial Development Bonds (IDB's) can be used to finance the cost of land, buildings, equipment and tenant improvement for a facility that is predominantly used for manufacturing. The cost of capital is significantly lower than conventional rates and usually lower than the prime rate.

## **Operating Expense Advantages**

### **Taxes**

Corporate Income Tax	8.84% of net income
Personal Income Tax	0-11% based on gross income
Unemployment Tax	6.2% of the first \$7,000 of employee's salary
Corporate Filing Fee	\$800 initial fee and \$800 upon acceptance
Sales Tax	7.75% (6% State, 1.75% Local)
Real Property	1% of assessed value (assessed at 100% of market value at time of purchase)

### **Utilities**

San Diego Gas & Electric charges competitive prices as compared to private utilities in California. San Diego's Climate, allows for less use of energy to heat and cool.

#### **Electricity Rates**

(kW/hr)

Industrial	Commercial	Residential
\$.074	\$.098	\$.111



## Telecommunications Infrastructure

San Diego's communications and data transfer infrastructure is among the best in the nation. San Diego has more than 184,000 miles of fiber optic cable in use, more than any other county in the United States. Pacific Bell maintains a very sophisticated communications network including the exclusive use of digital switches, ISDN capability, and extensive SONET ring networks. In addition, Pacific Bell has two SS7 signal transfer points and over 60 central offices throughout the County. There are over 20 long distance carriers within the County. The three major IEC's all have between 1 and 3 POP's in the region. The San Diego region boasts a sophisticated telecommunications network that couples high-speed transmission with built-in redundancy.

## Education

### Higher Education

*• To accommodate all levels of academic achievement, from vocational training to the highest levels of professional attainment, California operates three higher education systems: California Community Colleges, California State Universities (CSU), and University of California (UC). In addition, the state is home to a number of nationally recognized private schools such as the California Institute of Technology, Stanford, University of Southern California (USC), and Pepperdine. California's accredited universities, both public and private, are tied together for online learning through the California Virtual University.*

Among the top 50 Universities, California holds nine positions. The following is a list of the universities and their rankings, as ranked by US News, 1999.

Rank	University
4	Stanford University
9	California Inst. Of Technology
22	University of California- Berkeley
25	University Of California- Los Angeles
<b>32</b>	<b><i>University Of California- San Diego</i></b>
36	University of California- Irvine
41	University of Southern California
44	University of California- Davis
47	University of California- Santa Barbara

The impact of higher education on San Diego's economy has proven to be a significant and consistently measurable fact. Universities in San Diego include: San Diego State University, University of California, National University, United States International University, University of San Diego and Point Loma University of Nazarene. Bachelor's Degrees awarded by higher education institutions in San Diego, for 1997-98, were

12,039. Master's Degrees for this same period were 5,265 and Doctorate Degrees numbered 525.

San Diego plays host to a wide variety of research programs in the field of biotechnology. The doctorate program at UC San Diego in Biomedical Engineering is nationally ranked 5<sup>th</sup> by the National Research Council. UCSD ranks 10<sup>th</sup> in the nation among the top ranked graduate programs and fifth in federal research support. San Diego State University recently established the Center for Bio/Pharmaceutical and Biodevice Development, which are geared to the development, manufacturing, production, processing, and marketing of biotechnological, biopharmaceutical, in-vitro diagnostic and medical device products. San Diego is also home to notable research facilities including: Scripps Research Institute, Salk Institute for Biological Studies and the Burnham Institute.

In the field of telecommunications, San Diego is home to an innovative joint venture between Qualcomm and UC San Diego in developing qualified individuals in Code Division Multiple Access (CDMA) technology. UC San Diego's Center for Wireless Communication (CWC), at the Irwin and Joan Jacobs School of Engineering, offers a cross-disciplinary program of research and education through the creation of an Industrial Participant Program that currently incorporates 16 member companies. UC San Diego additionally has research fields in Multimedia Information Systems, Distributed Computing and Photonic Networks and Components. San Diego State University is home to the Communication Systems and Signal Processing Institute. The Institute focuses on the design and development of advanced communication systems. San Diego's newest center of innovation is a high technology high school "High Tech High" designed to immerse students in a rigorous learning environment in the fields of engineering and science.

